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~~(S~~ [redacted] NF) Preliminary Goals of the Brazilian and Iranian Foreign Ministries for the Planned 23 November 2009 Visit of Iranian President Ahmadi-Nejad to Brazil

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Identifiers:

Document Number: [redacted]

(b)(3)

GUIDE: [redacted]

Dates:

Date Published: 16-Nov-2009 15:20:00

Date Received: 16-Nov-2009 15:20:10

Coverage:

CIA Country Code: BRA, IRN, VEN

Region: AMERICAS, MIDDLEEAST, BRAZIL, IRAN, VENEZUELA

Publisher:

Agency Acronym: CIA

Office Name: NCS

Headers:

~~SECRET~~ [redacted] NOFORN 162020Z NOV 2009 CIA

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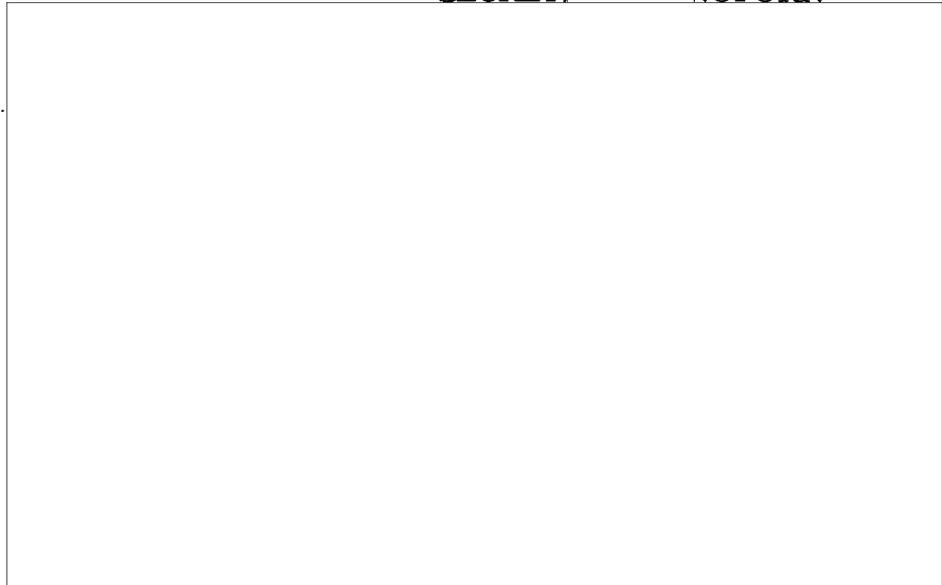
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(S) [redacted] (NF) 1. [redacted]
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(S) [redacted] (NF) 2. In preparation for Iranian President Mahmud ((Ahmadi-Nejad))'s planned visit to Brazil on 23 November 2009, officials from the Brazilian Ministry of Foreign Relations and the Iranian Embassy in Brasilia met throughout October in Brasilia to discuss bilateral goals for the upcoming visit. Iranian Ambassador to Brazil Mohsen ((Shaterzadeh)) Yazdi expressed a number of expectations for economic cooperation on the part of Iran, while Brazil's goals focused on export financing and a bilateral mechanism to facilitate trade between the two countries. A Brazilian delegation planned to travel to Iran in mid-November 2009 to finalize these plans.

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(S) [redacted] (NF) 3. As of late October 2009, one of Brazil's principal goals for the Ahmadi-Nejad visit was to establish a bilateral export financing mechanism to facilitate trade between the two countries. The Brazilian MRE supported a direct line of credit agreement with Iran which would finance and facilitate Brazilian exports. From the Brazilian perspective, Brazil would have control over the resources and flows to Brazilian exporters, and the money would not leave the country. Brazil would also require that all projects be approved by the Brazilian Committee on Export Financing and Insurance (COFIG) on a case by case basis. Medium and long-term operations (over two years) would be added-value exports, with official credit support for Brazilian exporters through the Brazilian National Bank for Social and Economic Development (BNDES) and the Export Guarantee Fund (FGE). Through these means, the money would stay inside Brazil, and this mechanism would facilitate medium and long-term Brazilian exports to Iran. Brazil would also request guarantees from Iran that if an Iranian company could not pay on a deal, the Iranian government would then be liable for paying those costs to Brazil. Guarantees to Brazilian financing and payment flows from Iranian importers would be discussed in Tehran during the MRE's mid-November delegation visit.

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[redacted] Comment: The Brazilian government wanted to follow all United Nations (UN) resolutions regarding Iran, and believed it possible for Brazil to establish credit lines with Iran while having complete assurance that they were not being used toward the Iranian nuclear program). An MOU between the Brazilian Central Bank and the Iranian Central Bank may be signed during Ahmadi-Nejad's planned November visit to Brazil; this MOU would establish an export financing mechanism.

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The issue would be discussed in some detail with the Iranian Central Bank, the Iranian Ministry of Finance, and other senior Iranian officials during the Brazilian MRE's delegation visit to Iran on 14 November.

(S) [] (NF) 4. Shaterzadeh stipulated that the Iranian side would like to sign the following agreements with Brazil during Ahmadi-Nejad's November 2009 visit: a cultural agreement, an agreement on sports, a technical agreement with the Brazilian Cooperation Agency (ABC) under the MRE, a consular agreement regarding visas, an agriculture agreement on research and development with EMBRAPA and the Brazilian Ministry of Agriculture, a higher education agreement regarding cooperation among universities, and an agreement on power generation with the Brazilian Ministry of Mines and Energy (MME).

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(S) [] (NF) 5. As of late October 2009, Iran's other goals for the 23 November Ahmadi-Nejad visit to Brazil included developing closer oil and gas ties with Brazil. The Iranian Government sought the participation of Brazilian companies in the areas of exploration and production. However, Brazil's parastatal oil company Petrobras was not keen to expand its activities in Iran, as its top priorities were Brazil's pre-salt oil exploration and developing fields in the Gulf of Mexico. Shaterzadeh mentioned the possibility of cooperation in Venezuela, where Iranian state oil company Petropars is already operating, including in petrochemicals. Shaterzadeh also mentioned the possible interest of Petropars to participate in the Abreu Lima Refinery project in Pernambuco state, Brazil, together with Petrobras and Venezuelan state oil firm Petroleos de Venezuela, S.A. (PDVSA). [] Comment: It would be highly unlikely for Petrobras to accept any of the above ideas, as they would be very difficult for Petrobras to implement.)

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(S) [] (NF) 6. Another economic cooperation point that Iran was seeking for the November Ahmadi-Nejad visit was to buy regional jets from Brazilian Aeronautics Company ((EMBRAER)). The Brazilian company already said, however, that this was not possible. Embraer would not even meet the Iranian delegation to discuss possibilities. [] Comment: This type of agreement would be impossible, partially because some aircraft parts used in Brazil come from the United States.)

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(S) [] (NF) 7. In agriculture, a memorandum of understanding (MOU) may be signed during the visit between the Brazilian Agriculture and Livestock Research Enterprise (EMBRAPA) and its Iranian counterpart on technical cooperation in

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research and development. Iran had interest in investing in Brazil's agro-industry to guarantee the supply of certain products to Iran, including corn, rice, sugar, and soy. On Iran's part, there had already been some contact with Brazilian companies regarding these issues.

(S [redacted] NF) 8. The Iranian government would like to see Brazilian companies investing in power generation inside Iran, in the areas of hydropower and thermopower plants. Iran also wanted to develop its capacity to refine oil and invited Brazilian companies to assist. [redacted] Comment: In both these areas, Brazilian exports of capital goods and services to Iran would be more likely.)

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(S [redacted] NF) 9. Iran offered to invest in the automobile industry in Brazil, to manufacture low cost "popular cars." There was low interest from the Brazilian side, however, as Brazilian officials believed that Iranian cars could probably not compete in the local market dominated by big "transnationals." Car repairs, services, and spare parts would also be an issue if Brazil were to acquire Iranian automobiles. [redacted] Comment: As such, it would be unlikely for Brazil to accept Iran's proposition on this matter.)

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(S [redacted] NF) 10. Iran would also like to see Brazilian companies investing in mining in Iran, particularly metal melting in the steel industry. [redacted] Comment: This was a very low possibility, as the Brazilian Government wants to foster and promote investments within Brazil, such as Brazilian steel company ((Vale)).)

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(S [redacted] NF) 11. [redacted] Comment: While the Brazilian MRE does not have the same strong political motivation as Iran for strengthening bilateral relations, the Brazilian MRE is desirous to not only increase economic cooperation with Iran, but also to help intermediate between Iran and the West, particularly in the area of nuclear negotiations. Brazilian officials believed that Brazil could be a potentially strong stabilizing force in the Middle East, and that with Brazil's past experience with the Argentine-Brazilian Agency for Accounting and Control of Nuclear Materials (ABACC), Brazil was ideally situated to interact with Iran on this issue.)

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(U) In preparation for Iranian President Mahmud ((Ahmadi-Nejad))'s planned visit to Brazil on 23 November 2009, officials from the Brazilian Ministry of Foreign Relations and the Iranian Embassy in Brasilia met throughout October in Brasilia to discuss bilateral goals for the upcoming visit. Brazil's goals focused on export financing, and Brazil's desire to set up a bilateral mechanism to facilitate trade between the two countries. Iranian Ambassador to Brazil Mohsen ((Shaterzadeh)) Yazdi expressed a number of expectations for economic cooperation on the part of Iran, in the areas of oil and gas, purchases from Embraer, agriculture, power generation, industry, mining, and brokering and financing. A Brazilian delegation planned to travel to Iran in mid-November 2009 to finalize these plans.



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